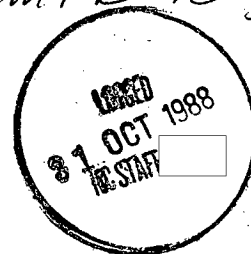


DIRECTOR OF CENTRAL INTELLIGENCE
Intelligence Community Staff
Washington, D.C. 20505

ICS 3636-88
28 October 1988



MEMORANDUM FOR: Mr. Arnold E. Donahue
Chief, Intelligence Branch, National Security Division
Office of Management and Budget

STAT

FROM:
Director, Program & Budget Office

STAT

SUBJECT: Department of State Draft Revision of the
Foreign Affairs Administrative Support System (FAAS)

Arise,

Thank you for the opportunity to review and comment on the proposed FAAS revision. These following comments are a summation of the more significant criticisms offered by the affected programs. We view the FAAS proposal as a tentative request, subject to editorial comment, negotiated revision, and open to discussion. In its present form it is unacceptable as an operating directive and should progress no further until all parties have granted full concurrence.

Concurrence of the FAAS Council

A previous and similar proposal in late 1987 was unanimously rejected by the FAAS Council comprised of U.S. Government "tenant" agencies. Again, to the best of our knowledge, this 1988 draft revision has not received FAAS Council concurrence. Until all participating NFIP Programs have been surveyed, with queries discussed and answered, the proposal should not be implemented.

Outyear Implications and Fund Transfers

Page two of the revision contains a proposal by the State Department to the effect that reimbursement increases required of the participating agencies be incorporated in the President's FY 1990 Budget in a way which will effect a reduction in Department of State appropriations and a corresponding increase to the affected agencies. While this proposition on its face has merit, I am skeptical about its implementation. Can the OMB guarantee such an equitable transfer to DoD programs? Further, as the Department of State deals only in single year funding, the outyear implications for the other agencies are a very real concern regarding both source of funds and future share computation.

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Impact of Expanded Cost Sharing

The final page of the document displays proposed cost sharing. However, these figures are virtually meaningless to us as presented. We cannot accept them even as estimates until we understand precisely how they were derived.

This proposal needs much work and coordination. We will be happy to work with you and State to respond to the Congressional concerns.



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